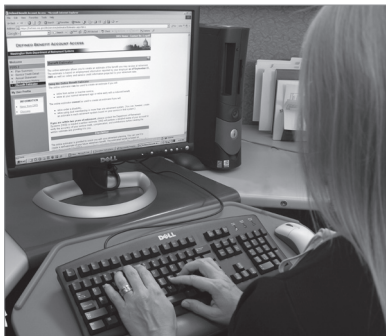


## New service makes it easy to estimate your benefit



Everyone thinks ahead to retirement – at least now and then. DRS' newest member service helps you plan for that next phase of your life.

You can now create benefit estimates based on the actual data in your account, including service credit and the earliest date you are eligible to retire. It's simple. Just visit [www.drs.wa.gov](http://www.drs.wa.gov), click on

*Online Access to your Defined Benefit Account* and then go to the *Benefit Estimator*. If you haven't yet used our secure online service, you'll need to first take a moment or two to register.

Nearly 40,000 members and retirees have signed up to access their retirement accounts since we launched the service a year ago. This latest feature – creating benefit estimates from your individual data – is based on suggestions we've received from you. It replaces our previous benefit estimator, though manual worksheets are still available on our site.

Keep up-to-date on the account growing on your behalf, whether your retirement is just around the corner or years in the future. Create benefit estimates or review your service credit, beneficiary designation or account balance – 24 hours a day, seven days a week.

It's great to think ahead.  
Even better to plan. ■

Benefit Estimator	
Start   Date   Service   Salary   Survivor   All-In-One	
— Your Benefit Estimate —	
Name:	
System/Plan:	For additional information, please see <a href="#">Explanation of Your Estimate</a> .
Information Used for Estimate (October 03, 2005)	
Service Retirement	Age 65
Projected Retirement Date	06/01/2038
Projected Average Final Compensation (AFC)	\$3,396/mo
Projected Total Service Credit	35.20 years (35 yrs, 2.50 mos)
Your Birth Date	
Your Survivor's Birth Date	
Your Benefit Options	
	Estimated Monthly Benefit
Option 1 - Single Life (Base Benefit)	\$2,391
Option 2 - Joint and 100% Survivorship	\$2,180
Option 3 - Joint and 50% Survivorship	\$2,281
Option 4 - Joint and 66.67% Survivorship	\$2,247
Benefit Calculation	
The base benefit was calculated using the following formula: $2\% \times \text{Average Final Compensation} \times \text{Service Credit Years}$	

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## TRS Plan 3 January rate change option

During the month of January, TRS Plan 3 members may change their contribution rate. Additional information, including the required TRS Plan 3 Contribution Rate Change Form, is available on the TRS Plan 3 Web site at [www.icmarc.org/plan3/trs](http://www.icmarc.org/plan3/trs). The form must be completed and submitted to your employer by January 31. ■

## Educational annual statements distributed in November

If you are an employee of a public school district, an educational service district or a higher education institution, you will receive your annual retirement statement in November. DRS mails the statements to employers, who then distribute them to members.

Annual statements provide updates on your service credit and contributions and are based on the most recent information reported to DRS by your employer. It may not match the total retirement

contribution on your year-end pay slip, however, because contributions are generally posted to your account the month following payroll deduction.

If you are a Plan 3 member, your annual statement will only provide service credit information, since Plan 3 members receive quarterly statements that detail contributions and account balance.

You may also sign up for *Defined Benefit Account Access* and view your annual statements online. Just visit the DRS Web site at [www.drs.wa.gov](http://www.drs.wa.gov).

Be sure to review your annual statement carefully. If you find discrepancies or have questions, please contact your payroll office. ■

## IRS qualifies PERS and SERS Plan 3

After a lengthy review, the Internal Revenue Service (IRS) has qualified PERS Plan 3 and SERS Plan 3 as defined benefit plans with a defined contribution component. This is good news – the favorable determination means that tax treatment of your contributions will continue unchanged and that DRS will continue to administer the plans as they were designed.

During the 2003 session, the legislature passed a bill that would give PERS and SERS Plan 3 members a one-month window each year to select a different contribution rate. We know many members have expressed interest in such flexibility and we initially included a rate change option with our request for plan qualification.

The IRS position on rate flexibility changed, however, between 2002 when TRS Plan 3 was qualified and 2005, when the determination on PERS and SERS Plan 3 was made. Rate flexibility does not comply, the IRS advised, with the irrevocable choice of a contribution rate at the time of hire.

As a result, we removed the request for a rate change option and the IRS qualified the plans. ■

## November is open enrollment for DCAP



The Dependent Care Assistance Program (DCAP) allows state government and higher education employees who pay for childcare, elder care or disabled dependent care to reduce their federal income and social security taxes.

Open enrollment occurs every November for the following calendar year (January – December). New employees may enroll in DCAP within 60 days of employment. Employees experiencing a qualifying change in status may also enroll outside the open enrollment period.

For more information, contact DCAP customer service at (360) 664-7005, toll-free at 1-800-423-1524 (select option 4) or visit [www.drs.wa.gov](http://www.drs.wa.gov). ■

## Transfer to Plan 3

During January 2006 eligible PERS, SERS and TRS Plan 2 members will have the opportunity to transfer to Plan 3. For details, including eligibility criteria and tools to help you decide the best choice for your situation, please visit [www.drs.wa.gov](http://www.drs.wa.gov). ■

## Plan ahead for your retirement

DRS offers *free* seminars and workshops to help you plan ahead. Your spouse or partner is welcome to attend.

- **Seminars** run from 8:00 a.m. to 5:00 p.m. and include presentations by experts in financial planning, estate planning, health insurance and Social Security. A seminar also includes a workshop on your retirement plan and a presentation on the state's Deferred Compensation Program.
- **Workshops** run 60 to 90 minutes and cover service credits, retirement eligibility, benefit calculations, payment options and other plan-specific information.

**How to register:** First decide if you'll attend a seminar or a workshop, then follow the instructions below to register.

- **Online:** Via the Internet at [www.drs.wa.gov](http://www.drs.wa.gov) and click the *Seminar Registration* "Quick Clicks."
- **Telephone:** Call 1-888-711-6676 or (360) 664-7300 in the Olympia area. The TDD line is toll-free at 1-866-377-8895 or (360) 586-5450 in the Olympia area.
- **E-mail, U.S. mail or campus mail:** Send your registration to [register@drs.wa.gov](mailto:register@drs.wa.gov) or to PO Box 48380, Olympia, WA 98504-8380 or by campus mail to Mailstop 48380. If your spouse or partner will attend with you, include that person's name.

### Seminar and Workshop Dates and Locations January – April 2006

Saturday, January 21 – Aberdeen	Saturday, March 4 – Renton
Saturday, January 28 – Kelso*	Saturday, March 25 – Mount Vernon*
Saturday, February 4 – Tumwater*	Saturday, April 1 – Spokane
Saturday, February 11 – Seattle	Saturday, April 8 – Ellensburg*

**Note:** All locations include workshops for PERS, SERS and TRS members. LEOFF and WSPRS workshops are offered only at the locations shown with an asterisk (\*).

### Workshop Schedule

	PLAN 1	PLAN 2	PLAN 3
<b>PERS</b>	1:00 p.m. – 2:30 p.m.	11:15 a.m. – 12:45 p.m.	11:15 a.m. – 12:45 p.m.
<b>SERS</b>	---	11:15 a.m. – 12:45 p.m.	11:15 a.m. – 12:45 p.m.
<b>TRS</b>	1:00 p.m. – 2:30 p.m.	11:15 a.m. – 12:45 p.m.	11:15 a.m. – 12:45 p.m.
<b>LEOFF</b>	11:15 a.m. – 12:25 p.m.	12:30 p.m. – 1:30 p.m.	---
<b>WSPRS</b>	1:35 p.m. – 2:35 p.m.	---	---

**DRS is planning for seminars in the following cities after April 2006:** Bellingham, Edmonds, Everett, Port Townsend, Richland, Seattle, Spokane, Tacoma, Tumwater, Vancouver, Walla Walla, Wenatchee and Yakima. Look for the May – August schedule in the February 2006 *Retirement Outlook*. ■



This newsletter is delivered in bulk to employers.  
Changes to affixed mailing labels should be directed to your employer.

## Pension plan funding

### *A hot topic across the nation*

Pension plans are often in the news lately. Many retirement systems across the nation – public and private – are struggling to fund their plans. Washington’s public pension plans, however, are in a solid funding position.

Every two years, the state actuary performs a detailed “valuation” to determine the plans’ funding status, anticipate what lies ahead and recommend any needed changes in contributions. The Pension Funding Council evaluates those recommendations and the legislature then acts on them.

#### *Making difficult decisions*

In the most recent biennia, the governor and legislature were faced with the challenge of state needs that exceeded available dollars. The decisions were difficult ones. In the final budget, pension funding fell short of the level recommended.

The shortfall primarily affected two of the plans – PERS Plan 1 and TRS Plan 1 – each of which has had an “unfunded liability” (gap between benefits earned and a plan’s assets) for several years. In 1989, the Legislature enacted a policy that requires bringing those plans to fully funded status by the year 2024.

The state is committed to fully funding both plans by 2024. As a result of that commitment, each will have the resources to pay earned retirement benefits into the future.

It’s also important to note the Washington State Investment Board’s success in investing the pension funds, while retaining a responsible level of investment risk. Earnings on the investments have proven a significant source of additional funding for all plans.

#### *Adjusting contribution rates*

The overall solid funding status must be maintained over the coming years. As you know, a contribution rate increase went into effect July 1 and September 1. While it’s never easy to see an adjustment in your paycheck, the change is necessary to ensure the long-term stability of the plans. To offer perspective, the contribution levels in Washington remain among the lowest in the country.

For more information on funding, please visit the State Actuary’s Web site at: <http://osa.leg.wa.gov/>, where the most recent valuation is available, as well as additional information on contribution rates and funding. ■

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TDD Line ..... (360) 586-5450  
Seminar/Workshop  
Registration ..... (360) 664-7300  
Toll-free ..... 1-888-711-6676

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